

“It Ain’t Necessarily So.”

*A critical analysis of the claims surrounding the debate on growth
Presented by the Michigan Association of Home Builders*

The claim:

Between 1990 and 2020, Michigan’s population statewide is expected to increase by only 11.8 percent or 1.1 million people – but with a subsequent 63 to 87 percent conversion of land for urban development.

The analysis:

The creation of new households, not population, drives the housing market and land conversions. Between 1960 and 1990 Michigan saw its population increase by 1.5 million people and its number of households increase by 1.2 million, almost a 1 to 1 ratio.

The number of persons per household has continued to decline since 1970. This reflects ongoing national trends of smaller families, more single person households and childless families. In 1980 the largest households were found outside of urban areas concentrated primarily in the southern half of the lower peninsula. As the members of these households aged, they moved out to start households of their own. The result was an increased need for housing without a significant growth in population.

Fifty-one percent of households now being created in Michigan are non-related households with a single person living alone or with a non-relative. Between 2000 and 2020 Michigan will see 1.3 to 1.5 million new households formed, each of which will need a housing unit to live in.

The next issue is 63 to 87 percent of what? If the claim is 63 to 87 percent of Michigan’s land will be converted to urban uses, it is ridiculous on its face. The rate of farmland conversion has dropped from a historic high of 17.5 percent in the 1960s to 2.8% in the 1990s. Each succeeding decade has seen a slowing of the rate of conversion.

Michigan has 37 million, 448 thousand, 310 acres of land within its borders.

The U.S. Census Bureau defines “urbanized” land as an area with a population density of more than 1,000 people per square mile (1.56 people per acre) and connected to a city, township or village with a population of at least 2,500 people.

Using the Census Bureau definition, 9.8 percent or 3,669,933 acres of land in Michigan are urbanized, leaving 90.2 percent or 33 million, 778 thousand, 367 acres of land in Michigan as non-urban. This makes Michigan as urbanized as the states of New Hampshire and South Carolina and less urbanized than the states of North Carolina, Maryland and Pennsylvania. Assuming a doubling of the amount of urbanized land by 2020 (which no one is predicting) Michigan would still have 30 million, 108 thousand, 442 acres of non-urban land within its boundaries.

The analysis:

Ignore for a moment the fact that between 1980 and 1990 Michigan actually gained productive farmland, not lost it. Ignore that the U. S. Department of Agriculture says Michigan has not lost any farmland since 1997. Ignore that the Michigan Department of Agriculture says Michigan actually increased the number of small farms operating in Michigan in 2002. Just do the math.

Extending the 2.8% rate of farmland conversion out for 20 years reveals a farmland loss in Michigan of only 582,400 acres. To reach the 2 million acres figure, farmland would have to be converted to other uses at a rate of more than 19 percent a decade, a rate higher than any ever experienced in Michigan history.

The claim also implies the farmland is being converted into urbanized land. *Less than one percent (0.7 percent) of all farmland is converted to urban uses each decade.* The USDA's National Agricultural Statistics Services has indicated most farmland is not converted, into urbanized land but into rural and wildlife parks, or is allowed to revert to forested land or is switched to other non-urban uses such as the federal conservation reserve program.

As the Senate Agricultural Preservation Task Force found: ***"The state is losing more farmland to forests than it is to urban sprawl."***

Even assuming a doubling of urbanized land over 20 years, the amount of non-urbanized land in Michigan would be larger than the total amount of land in 16 individual states including Pennsylvania, Ohio, Tennessee, Virginia, New Jersey and Massachusetts.

****(In 2002, after the MAHB pointed out the flaws in this claim, the amount of time for this loss to occur was doubled to 2040.)***

The claim:

Ten percent of Michigan is already lost to urbanization.

The analysis:

According to the 1997 Natural Resource Inventory (NRI), 9% of Michigan's land is developed and 10.1% "urbanized." But the 2000 census shows a different story. It reveals only 5.9% of Michigan's land is "urban" and only 7.3% is an urbanized "place."

The difference can be accounted for because NRI "urban" includes developments of 10 acres or more, while Census "urban" means land in areas with 2,500 people per square mile. NRI "developed" includes urban plus roads and rural developments and parks of a quarter acre in size or more, while urbanized "places" in the census includes urban plus smaller towns and concentrations of people less than 2,500 per square mile.

The NRI website carries a warning that its statistics are *"...estimates – not absolute facts. This is because the results are tabulations of NRI sample data as opposed to data from a census or a direct measurement. Thus, proper interpretation of NRI results requires an understanding of the inventory procedures and the amount of uncertainty associated with each estimate."*

The claim:

The rate of land development is 8 times the population growth rate – i.e. an 8-to-1 ratio.

The analysis:

This claim assumes that for every new person, a given amount of land should be developed. There is no meaningful correlation between population growth and land development. Government does not, at least not yet, limit the amount of land a citizen can own.

Land is also developed for industrial and commercial purposes unrelated to any growth or loss of population.

The claim:

Urbanization in Michigan is increasing and out of control.

The analysis:

According to the United States Bureau of the Census, while the actual population numbers may have changed, since 1930 the percentage of Michigan residents choosing to live in urban areas or in rural areas has remained relatively stable.

In 1930 68.2 percent of Michigan's population was located in urban areas with 31.8 percent located in rural areas. By 1990 (the last available data) the percentage of the state's people living in the hustle and bustle of the city had grown to 70.5 percent while 29.5 percent enjoyed the bucolic countryside.

In 1950 and 1980 the percentages were the same, 70.7 percent urban and 29.3 percent rural.

The biggest change came from 1900 when 60.7 percent of Michigan's citizens lived in rural settings versus 39.3 percent in cities to 1920 when the percentages were almost reversed, 61.1 percent in the cities against 38.9 percent down on the farm.

Despite the claims of a "land rush" of people eating up green space, for seven decades a little over 70 percent (70.5) of Michigan's people have lived in urban settings while a little over 29 percent (29.5) have lived in country settings.

The claim:

Less leisure time for working people is translating into shorter but more frequent vacations, hence an increased trend toward second homes, most of which are located on or near lakes and streams. In 1960 Michigan had 170,932 second homes; by 1990 this had increased to 223,549, and by 2020 is projected to reach 308,713.

The analysis:

According to the liberal Brookings Institute's Anthony Downs (considered to be one of the nation's top urban experts), there is NO link between low-density development, the leap-frog out to the suburbs, the use of automobiles and urban decline. Downs himself once argued that such a relationship existed.

"Suburban sprawl does not cause urban decline." Downs looked at 162 urban areas and analyzed nine sprawl indicators, then compared them with urban decline. His new research led Downs to conclude, however, that sprawl has little or no impact on the fate of cities. Downs argues that practices such as exclusionary zoning in surrounding communities hinders the economic prospects of inner-city residents, leading to urban decline.

In his own words, his study threw cold water on the popular theory middle-class flight to the suburbs is the main reason many cities are left with high poverty, high crime rates and struggling schools. Downs says much of the blame goes to housing and planning policies that shut out the poor from the suburbs and concentrate poverty in the cities. Suburban governments use their zoning powers to keep out cheaper housings, such as apartments and town houses, he says.

His conclusion: **Even if every metropolitan area had development controls to force people to live closer in, central cities would still be in trouble.**

Downs findings mirror those of a 1999 United States General Accounting Office study. The GAO study, requested by Michigan's senior U.S. Senator Carl Levin found:

- **NO** general agreement low-density development fostered residential segregation.
- **NO** general agreement low-density development resulted in worsened inner-city deterioration.
- **NO** general agreement low-density development resulted in or worsened fiscal stress on cities.
- **NO** general agreement low-density development resulted in higher infrastructure costs.
- **NO** general agreement low-density development resulted in higher public operating costs.
- **NO** general agreement low-density development resulted in more adverse public fiscal impacts.
- **NO** general agreement low-density development resulted in reduced regional open space.
- **General** agreement that low density development resulted in **less** not more traffic congestion.

The GAO report did specifically cite "a 1998 study on how 'urban sprawl' has affected Michigan (which) concluded that, in terms of costs, urbanization is not threatening Michigan's agricultural industry, the negative effects of development on local infrastructure costs are exaggerated, and higher residential densities may increase pollution levels."

The claim:

The 1997 SEMCOG study of 18 Michigan communities demonstrated that compact development, or "smart growth," could reduce residential sprawl in some outlying areas by as much as 50 percent, reduce water and sewer capital costs by almost \$33 million, and avoid the need for one-eighth of planned new road construction.

The analysis:

In his 1998 study "Urban Sprawl and the Michigan Landscape", Dr. Sam Staley points out some of the serious flaws in the SEMCOG study.

Compact development in the 18 communities would result in the use of 0.5 percent (one-half of one percent) less land each year than current development patterns. Infrastructure cost savings may not develop since the study presumed costs would stay the same over the 25 year period and ignored the fact the large-lot developments could actually reduce infrastructure costs by using septic systems rather than expensive extensions of municipal sewer lines.

The study also ignored the fact growth controls increase, not decrease housing prices, that higher demand for homes leads to higher prices and that consumers do care about whether they live in a home with a one-eighth acre lot or a half-acre lot. The perceived quality of a home changes significantly when lot size is reduced.

The wishes and preferences of the buyer were uniformly ignored throughout the SEMCOG study. Rather than use community attitude surveys, interviews with developers and consumers or market research of household preferences to identify goals or the beneficial characteristics of communities, the SEMCOG study concentrated on a political agenda: identifying the goals that compact development would be intended to achieve for that community.

Finally, the study ignored the fact that, while some infrastructure costs decline as density increases, other costs increase. Increases in density also lead to increases in demands for services other than infrastructure. The net effect of density is usually an increase in general government costs to provide these services, and thus, an increase in taxes.

The claim:

A 1991 survey by the Michigan Chapter of the American Public Works Association conservatively estimated that at least \$16 billion would be required to make current infrastructure adequate-that's approximately \$1,700 for every man, woman, and child living in Michigan. ... The 1992 EPA estimate for repairing existing sewer systems in Michigan was \$3.7 billion. The sewer separation project needed by the Detroit area alone ... would amount to \$2.6 billion.

The claim:

New homes don't pay their own way, using more in services than they pay for in taxes.

The analysis:

The American Farmland Trust's (AFT) Cost of Community Services study (COCS) done on Scio Township in Washtenaw County is held up in Michigan as proof that new homes everywhere receive \$1.40 in services for every \$1.00 paid in taxes.

Former State Deputy Treasurer for Taxation and Economic Policy Gary Wolfram took an in-depth look at the Scio COCS. He found that 85 percent of the revenues and expenditures used by the study to determine whether different classes of property "pay for themselves" in regard to township services were from the two school districts, not the township. Of course, the township does not provide any school services to new homes. These come from the two school districts.

Using the AFT study's own data, but excluding school district costs, Mr. Wolfram found that revenues from residential property to the Township and its Downtown Development Authority were \$1,738,596.00 while expenditures for township services to residential property were only \$857,786.00,

Properly interpreted, even the AFT Scio study shows new homes do pay their own way. In Scio Township residential property paid \$2.02 in taxes for every \$1.00 in services it received, a better than two to one ratio. Agricultural property in the township contributed \$32,136 in revenue to the township and Downtown Development Authority and required \$31,096 in expenditures, making it basically a wash.

The claim:

The American Farmland Trust's Cost of Community Services studies are the best way to determine the impact of new housing on a community.

The analysis:

MSU's Housing Education Research Council, with the advice of MSU's Department of Agricultural Economics, has soundly rejected the American Farmland Trust's methodology for determining the impact of housing on a community. They declined to use the COCS methods because:

- It provides only a "snapshot" of the current fiscal status of a community, one that will change constantly.
- The process of evaluating and assigning all revenues and expenditures in a COCS study to different land uses is overly subjective and almost certain to generate different results with every application of the model on a given municipality.

- 1 billion, 169 million dollars in taxes;
- 1 billion, 250 million dollars in direct wages from construction;
- 82 million dollars in related wages and
- 190 million dollars in local and state fees.

The economic boost from new homes is not a one-time benefit. The positive economic impacts of residential development not only occur in the initial years of construction activity, but also continue to occur annually. New home buyers spend \$6,474 in the first year of occupancy per home generating an additional \$17 million in sales tax. The average income of a new home buyer is 57 percent greater than the average of all Michigan households. This creates a permanent demand for additional goods and services from the community.

The claim:

Building new homes hurts school districts by causing overcrowding while not contributing enough tax dollars to pay for the increase in educational demands.

The analysis:

A front page article entitled "Drop in homes, jobs cost district" in the December 13, 2001 issue of the *Lansing State Journal* made a direct connection between the lack of new home construction in Meridian Township and a \$1 million dollar budget deficit in the Okemos school district, "Mid-Michigan's wealthiest school system."

"When fewer homes are built, it means fewer new children arrive," said Frederick Ignatovich, A Michigan State University professor who projects enrollments for school district statewide. "That hurts a school district. And it's not likely to change anytime soon."

"Okemos is worse off for several reasons, school leaders and experts say. **Top on the list is a sharp drop in the number of new homes built.** Between 1994 and October (2001) 1,220 new building permits for single-family homes were issued in Meridian Township. ... Down 43 percent from the previous eight years." A chart accompanying the story showed new homes permits reached a 17 year low of 82 in 2001.

"People have to decide what they want," said a member of the Meridian Township Planning Commission. "Do they want to build new houses so the neighborhoods remain viable or do they want to continue letting the schools bleed?"

The claim:

Michigan will lose 25 percent of its orchard land to development over the next 40 years.

The analysis:

Proponents of artificially restricting land availability talk about the "loss" of farmland while never speaking of the increases in productivity. As the Senate Task Force

1.) 260,000 minority families who currently own their own homes would not own them today.

2.) One million urban families who currently own their own homes would not own them today.

3.) Poor and minority families pay a disproportionate amount of the social and economic costs of growth restrictions as the weight of increased home prices falls most heavily on minorities, the disadvantaged and the young, fewer of whom already own homes.

4.) In the Detroit-Ann Arbor-Flint MSA, the study showed the smart growth policies would have increased the aggregate price for all homes sold in the MSA by an average of over \$837 million per year with a corresponding 2.11 percent reduction in minority homeownership.

5.) The Grand Rapids, Muskegon, Holland MSA would have seen yearly increases of over \$83 million and a 1.20 percent reduction in minority home ownership.

The claim:

Farms in Michigan are not disappearing because they aren't making money. They're disappearing because of the high land prices developers are willing to pay for open land.

The analysis:

The final data from the 2002 Census of Agriculture is out and, as usual, it contains some enlightening information for those who dig deep enough.

Yes, it still shows a continuing "*downward trend*" in the total amount of "*land in farms*" in Michigan, a reduction of 3 percent (301,000 acres) from 1997, described as "*7 acres per hour*," in the press release announcing the release of the report. By the way, of those lost acres, only 53 percent or 161,397 acres was "*harvested cropland*," land where something was actually grown and gathered. Average farm size dropped from 194 acres in 1997 to 190 acres in 2002. The report also shows Michigan has 204 fewer farms in 2002 than it did in 1997.

Now comes the interesting part, the economic numbers.

The 2002 Census of Agriculture revealed the number of farms with total **sales of less than \$2,500 per year** rose by 6,497 farms to encompass **44 percent of all farms** in Michigan. Almost **two-thirds of all Michigan farms had total sales of less than \$10,000**. Just a little over 10 percent of all the farms in Michigan account for 86 percent of the total agricultural sales made in the state.

How long could you keep your business operating as a viable commercial concern with sales of less than \$2,500 a year or even with sales of \$10,000 a year? We suspect not that long; which is why 45 percent of the principal operators of Michigan farms have a primary occupation other than farming.

Further proof the Michigan Association of Home Builders is right when it says "*The best way to preserve farmland is to help farmers make a profit.*"

The MAHB Land Use Philosophy:

The 13 general points below comprise what we call the MAHB Land Use Philosophy. We believe any proposed changes in land use laws, rules or regulations should follow these guidelines.

1. **The right of Michigan citizens to live where they want, on a lot the size they want, in the home they want must be protected.** Absent a material threat to other individuals or the community, people should be allowed to live and work where and how they like. Measures whose intent is to force individuals back into the cities must be rejected. Government intervention as a substitute for the decision-making of the marketplace must not be allowed.
2. **The Constitution means what it says about takings.** There should be a "bright line" which, when crossed, automatically entitles the landowner to compensation
3. **Public benefits must be paid for by public funds and not the private sector.**
4. **Economic development and growth must be viewed as a positive force and the fact new homes follow jobs and economic opportunities must be recognized at all levels of planning. The state should not pick economic winners and losers through the appropriations process.**
5. **Growth and planning for growth in a timely, orderly and predictable manner must be encouraged. Politics should be removed from the planning process**
6. **A wide range of housing types to suit the diverse needs and income levels of the state's population must be allowed and provided for in each community while acknowledging the fact most Michigan residents want to live in a detached single-family home on an individual lot.**
7. **Exclusionary zoning and other ordinances whose real aim is preserving the aesthetic and socioeconomic exclusivity of a community must not be permitted.**
8. **Government must look at regulatory barriers that either add to the cost of, or effectively discourage, housing production and recognize that regulatory reform, not subsidies or mandatory developer-provided affordable housing provisions, are needed to make housing affordable. Government officials must stop bemoaning the cost of housing while at the same times passing laws and regulations that strangle housing production.**
9. **The barriers to innovative land-use planning must be removed from the planning process. Innovative local planning and zoning which respects private property rights must be encouraged. Zoning and planning must return to their original purposes and not be used as a tools for social engineering.**
10. **Planning and constructing new schools, roads, water and sewer treatment plants and other public infrastructure must be done in a timely manner to keep pace with the current and future demand for housing and employment. Infrastructure financing must be fair and broad-based and must complement, not corrode, the sense of belonging to a community. Tax dollars, state grants and assistance must be available to all communities, not just a favored few.**
11. **Infrastructure repair, maintenance and expansion must be performed when needed and not deferred in favor of other expenditures such as open space acquisition.**
12. **Fair and broad-based ways to underwrite the cost of infrastructure investments must be used, ways which complement the sense of belonging to a community, not undermine it by pitting newcomers against existing residents.**
13. **A reasonable balance must be achieved in the land-use planning process by using innovative planning concepts to protect the environment, preserve meaningful open space and allow Michigan's farmers to farm profitably.**

LAND USE STUDIES YOU SHOULD KNOW

From the Michigan Association of Home Builders

2004

"Do Affordable Housing Mandates Work? Evidence From Los Angeles County And Orange County," a study by Benjamin Powell, Ph.D and Edward Stringham, Ph.D for the Reason Public Policy Institute finds affordable housing laws requiring developers to sell a percentage of new homes at prices below market value to lower- and middle-income families, are actually backfiring, driving housing prices up also prompting significant decreases in new home construction and making Southern California's housing crisis worse.

The study shows that affordable housing mandates in 13 cities in Los Angeles County and Orange County increase the price of new homes by \$33,000 to \$66,000 to compensate for the mandatory discounts on the "restricted" homes. In some cities, inclusionary zoning adds more than \$100,000 to the price of each new home. These communities of assorted sizes, densities, income levels, and demographics, provide a good sample to measure the effects of inclusionary zoning in Southern California.

In all 13 cities average production of housing fell the year following the adoption of inclusionary zoning. And it wasn't a one year dip: In the eight cities with data for seven years prior and seven years following inclusionary zoning, 17,296 fewer homes were produced during the seven years after the adoption of inclusionary zoning. In those cities only 770 "affordable" units were produced.

<http://www.rppi.org/ps320.pdf>

"Housing Supply and Affordability: Do Affordable Housing Mandates Work?" a study by Benjamin Powell, Ph.D and Edward Stringham, Ph.D for the Reason Public Policy Institute uses data from communities in the San Francisco Bay Area region to evaluate the effects of inclusionary zoning and examine whether it is an effective public policy response to high housing prices. The authors chose the Bay Area because inclusionary zoning is particularly prevalent there; today more than 50 jurisdictions in the region have inclusionary zoning. These communities have various sizes and densities with different income levels and demographics, so the authors felt they would provide a good sample to indicate how inclusionary zoning may be working nationwide.

The authors found:

- 1) **Inclusionary Zoning Produces Few Units.**

this upgrade process by slowing or eliminating new construction. With fewer new homes available, middle- and upper-income families bid up the price of the existing stock of homes, thus making housing less affordable for everyone.

The authors conclude that inclusionary zoning has failed to produce a significant number of affordable homes due to the incentives created by the price controls and that even the few inclusionary zoning units produced have cost builders, homeowners, and governments greatly. By restricting the supply of new homes and driving up the price of both newly constructed market-rate homes and the existing stock of homes, inclusionary zoning makes housing less affordable. If more affordable housing is the goal, the authors state, governments should pursue policies that encourage the production of new housing.

<http://www.rppi.org/ps318.pdf>

2003

“The Impact of Highways and Other Major Road Improvements on Urban Growth in Ohio,” a study by the Buckeye Institute for Public Policy Solutions reviewed growth in 20 Ohio urbanized areas to assess the link between urban growth and road investment. Their analysis indicated that factors other than road investments appeared to be the primary drivers of local growth. A reasonable explanation for the weak relationship between roads and growth is that major road improvements are built to accommodate prior growth, not spur it. The study advises that road improvements should generally be used to improve mobility by reducing congestion, improving safety, and reducing travel times. Major road improvements should be targeted to locations where their impacts on mobility will be the greatest.

<http://www.buckeyeinstitute.org/Policy%20Reports/Highways%20&%20Sprawl.pdf>

“Sprawl And Urban Growth,” a study by Edward L. Glaeser and Matthew E. Kahn for the National Bureau of Economic Research makes four major points which go against conventional wisdom.

- 1.) Despite the pronouncements of academic theorists, dense living is not on the rebound. Sprawl is ubiquitous and expanding.
- 2.) While many factors may have helped the growth of sprawl, it ultimately has only one root cause: the automobile. Suburbia, edge cities and sprawl are all the natural, inexorable, result of the technological dominance of the automobile.
- 3.) Sprawl’s negative quality of life impacts have been overstated. Effective vehicle pollution regulation has curbed emissions increases associated with increased driving. The growth of edge cities is associated with increases in most measures of quality of life.

by an average of over \$837 million per year with a corresponding 2.11 percent reduction in minority homeownership.

5.) The Grand Rapids, Muskegon, Holland MSA would have seen yearly increases of over \$83 million and a 1.20 percent reduction in minority homeownership.

<http://www.nationalcenter.org/NewSegregation.pdf>

"The Impact of Zoning on Housing Affordability," discussion paper #1948 from the Harvard Institute of Economic Research, examined the issue of "affordable housing" in the United States. Why were housing costs high in some areas and not in others? Is housing expensive relative to its fundamental costs of construction? If so, is subsidized construction the solution to high home costs? The paper concluded:

- 1.) The majority of homes in the country are priced at close to the physical cost of construction. The price of housing is significantly higher than construction costs only in a limited number of areas such as California.
- 2.) Higher marginal costs of land are not responsible for higher housing costs. The cost of a house on 10,000 square feet is usually pretty close in value to a home on 15,000 square feet.
- 3.) The bulk of the evidence suggests that zoning and other land use controls are the cause of high home prices. The stricter the zoning, the more land use controls, the higher the prices of the homes. Zoning and other land use controls play the dominant role in making housing expensive.
- 4.) Policy advocates interested in reducing housing costs should start with regulatory and zoning reform.
- 5.) Building small numbers of subsidized housing units is likely to have a trivial impact on average housing prices, even if targeted towards deserving poor households.
- 6.) Reducing the cost of zoning and regulation on new construction could have a massive impact on housing prices.
- 7.) The positive impact of zoning, in the form of higher home prices, may be zoning's strongest appeal. A reduction in zoning severity or other land use regulations would cause current homeowners in high cost areas to lose substantially. This then becomes a political problem.

<http://post.economics.harvard.edu/hier/2002papers/HIER1948.pdf>

"Testing The Rhetoric; Location-Efficient Mortgages May Have More Costs And Risks Than Proponents Claim," a study funded by the U. S. Environmental Protection Agency and conducted by Allen Blackman found no demonstrable relationship between location efficiency and the probability of default. Thus making low-down-payment loans available to borrowers in location efficient areas is tantamount to making

2. Of those families, about 437,000 owned their homes, while 254,000 were renters - and the report said the problem seems to be growing much more quickly for renters.

The study found that about 1.3 million families in suburbs suffer from a lack of affordable housing, compared with 1.2 million in cities.

That may be due to tight labor markets in the home-building industry coupled with strict land-use controls, which have undermined builders' attempts to keep up with demand for new houses in some markets

http://www.mortgagebankers.org/news/2001/pr0206a_att.pdf

2000

“Some Realities About Sprawl And Urban Decline” conducted by the liberal Brookings Institution’s Anthony Downs (considered to be one of the nation’s top urban experts) for the Fannie Mae Foundation concluded:

- 1.) There is **NO** link between low-density development, the leap-frog out to the suburbs, the use of automobiles and urban decline. (Downs himself once argued that such a relationship existed.)
- 2.) Suburban sprawl does not cause urban decline.
- 3.) Much of the blame for cities left with high poverty, high crime rates and struggling schools to housing and planning policies that shut out the poor from the suburbs and concentrate poverty in the cities.
- 4.) Practices such as exclusionary zoning in surrounding communities hinder the economic prospects of inner-city residents, leading to urban decline.
- 5.) Suburban governments use their zoning powers to keep out cheaper housing, such as apartments and town houses.
- 6.) No metropolitan area has anything remotely approaching a free land use market because of local regulations adopted for parochial political, social, and fiscal purposes.
- 7.) Most suburban land use markets are dominated by local zoning and other regulations that are aimed at excluding low income households and that distort what would occur in a truly free market

http://www.fanniemae.foundation.org/programs/hpd/pdf/hpd_1004_downs.pdf

Downs dismisses proposed growth control measures such as impact fees on all new developments and a development tax on land converted from agricultural to urban use as having “severe practical difficulties,” which could lead them to “not work well if adopted.”

<http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.21&filename=rc99087.pdf&directory=/diskb/wais/data/ga>

The GAO study did not support the charge that government subsidies and policies have greatly encouraged decentralized development. In their summary the GAO stated their study found “little quantitative research linking (government) assistance . . . with ‘urban sprawl.’”

“Senate Agricultural Preservation Task Force Report” was issued by the bipartisan Senate Agricultural Preservation Task Force after eight hearings around the state. While the task force looked at more than land use, on that subject the task force report stated:

- 1.) The number one threat to farming in Michigan was “the low profitability of farming,” not the home builder or “urban sprawl.”
- 2.) The figures (regarding land use) from the U.S. Forest Service are interesting ... (they) show the state is losing more farmland to forests than it is to ‘urban sprawl.’ Land once used for agriculture is increasingly being used as hunting land.
- 3.) It is difficult to state definitively how much land is devoted to agriculture. Figures from the Census of Agriculture almost certainly underestimate the amount of land devoted to agriculture. While it can be stated that the state is losing farmland, how much of that land is ‘prime’ farmland is unknown. Much of it is probably marginal land in the northern Lower Peninsula and Upper Peninsula that is reverting back to forests.
- 4.) Despite the fact that the amount of farmland in Michigan is declining, output continues to increase ... With impending technological advances, this trend is likely to accelerate. ... This begs the question of how much farmland is needed.
- 5.) More than one-third of the state’s land cannot be developed at the current time.
- 5.) If Michigan tried to preserve 10 million acres of farmland, at \$3,160 an acre (the current price being paid in the state for development rights), the total cost to the taxpayers would be in excess of \$31 billion. This figure likely understates the full cost. This is due to the fact that when development rights are purchased, the value of development rights on the remaining land is pushed up. This number is even more striking given the total value of (agricultural) land and buildings in Michigan is \$16.49 billion.
- 6.) Land is a farmer’s 401 (k) retirement program and is a source of lending equity. PDRs and TDRs would reduce the value of the land ... the net wealth of a farmer is not improved with a PDR or TDR program. These programs may reduce a farmer’s ability to borrow in the future and may eventually constrain their capacity to finance their farm operations. Farmers also face capital gains taxes

“The Fiscal and Economic Impact of Housing Development on Michigan Communities” conducted by the Michigan State University Housing Education and Research Center with assistance from the Department of Agricultural Economics and the MSU Extension Program concludes:

- 1.) The economic impact of development should be considered along with the fiscal impact because the positive economic impacts of residential development not only occur in the initial years of construction activity, but also continue to occur annually.
- 2.) Contrary to prevailing beliefs, even when considered in isolation, the fiscal impact of residential development is not always negative,
- 3.) The combined (fiscal and economic) impact of a residential development is almost always substantially positive.

“New Subdivisions Pay Their Way,” conducted by Texas A& M University Research Center concludes:

- 1.) New subdivisions are not a fiscal drag on local government budgets.
- 2.) The revenues from the homes in the subdivisions pay for a level of capital improvements that is substantially higher than the cost incurred by each city.